



# FUND NEWS

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## **Treasury Announces Response to Second Round of New Markets Tax Credit Competition**

**Program Aimed at Jobs and Growth in Low Income Communities**

The Treasury Department announced today that it received 271 applications in the second round of the New Markets Tax Credit (NMTC) Program. This program is part of the Bush Administration's efforts aimed at fostering jobs and economic growth, especially in low-income communities across America.

Under this competition, applicants request the authority to allocate tax credits to investors for equity investments that are to be made in the successful applicant organizations. The applications received represent an aggregate total of over \$30.4 billion in potential equity investments. A total of \$15 billion in equity allocation authority is being made available competitively over the seven years of the program, which is authorized on a phased-in basis through 2007. Under this current round, \$3.5 billion in tax credit authority is being offered.

The Treasury Department's Community Development Financial Institutions (CDFI) Fund will analyze and evaluate applications through a competitive review process to identify those best suited to have the greatest community development impact. The review will include examination of each applicant's business strategy to make investments in low-income communities, capitalization strategy to raise equity from investors, management capacity, targeting to areas of highest distress, and impact on jobs and economic growth in low-income communities where investments are made. The CDFI Fund administers the NMTC Program in coordination with the Internal Revenue Service and Treasury's Office of Tax Policy.

"We are pleased to see the continued strong interest in this important program," said CDFI Fund Director Tony T. Brown. "This demonstrates the potential for significant private sector investment in our nation's low-income communities, investment which can result in jobs for the residents of these communities and the economic growth needed to make these communities a vibrant part of our larger economy."

The application deadline was September 30, 2003. The CDFI Fund anticipates announcing the organizations that will receive New Markets Tax Credit allocations in the spring of 2004.

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The NMTC Program, created by Congress in December 2000, permits taxpayers to receive a credit against their Federal income taxes for making Qualified Equity Investments in successful applicant organizations known as Community Development Entities (CDEs). Substantially all of the taxpayer's investment must in turn be used by the CDE to make qualified investments in low-income communities. The credit to the taxpayer totals 39 percent of the investment and is claimed over a seven-year credit period.

Additional information can be found on the CDFI Fund's web site at [www.cdfifund.gov](http://www.cdfifund.gov).

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